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IAEA, CTBT, UN, SW

SUBJECT: SWEDISH EU PRESIDENCY EXPECTATIONS FOR IAEA, CTBT
AND UN ORGANIZATIONS IN VIENNA

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Classified By: CDA Geoffrey R. Pyatt for reasons 1.4 b and d

Summary

¶1. (C) In anticipation of the Swedish EU Presidency, UNVIE held bilateral consultations June 24 with Swedish Mission counterparts to preview upcoming issues at the IAEA, UNODC and CTBTO; the Swedes also made a pitch for U.S. reentry into UNIDO. Sweden expects a difficult Presidency focused on economic and institutional questions in the EU as well as climate change, their "number one" priority. Although Vienna issues are not explicitly at the top of the Swedish Presidency agenda, DCM Frederik Lojdquist highlighted the importance FM Carl Bildt accords two Vienna nonproliferation issues: nuclear fuel assurances and entry into force of the Comprehensive Nuclear Test Ban Treaty (CTBT). He also underscored EU priorities in UNODC issues: the anti-corruption Convention, AF-PAK, and West Africa drug trafficking. In general, Lojdquist stressed Sweden's Presidency role as an "honest broker," going the "extra-mile" to forge common EU positions whenever possible. That said, the Swedes would like to do more outreach, including with the U.S., though we may not "always see eye to eye," rather than expend all their time on internal EU coordination. Sweden has beefed up its Vienna Mission in preparation for the Presidency, doubling its local staff covering IAEA, CTBTO and UN issues.

¶2. (C) Encouraged by Bildt's focus on fuel banks, the U.S. suggested coordination with the EU on outreach to G-77 countries. The Swedes noted delicate internal EU dynamics on fuel assurance proposals. They also saw little prospect for EU consensus on the IAEA budget. Lojdquist advised that the Swedish Ambassador regarded his primary task in the Presidency as guiding the EU position on contentious Middle East issues at the IAEA General Conference, "an issue going to the top of our governments." He felt encouraged by the U.S. desire for consensus on these issues but was genuinely pessimistic having just spoken to his Egyptian counterpart. The Swedes expected continued close U.S-EU coordination on Iran, Syria and other IAEA safeguards and nuclear safety and security issues. They welcomed the Obama administration's decision to pursue ratification of the CTBT and promised the full support of the EU. On UNODC drug and crime issues, Sweden identified as an EU subject priority the development of a mechanism to review the implementation of the UN Convention against Corruption (UNCAC). Sweden's EU regional

focus is West Africa, which suffers from cocaine transshipment, as well as Afghanistan. In addition to expressing support for these issues, the U.S. stressed the UNODC importance of US-EU cooperation on the Finance and Governance Working Group, on the UN General Assembly adoption of the 2009 Commission on Narcotic Drugs (CND) Political Declaration and Action Plan, and on the inclusion as a 2010 CND agenda item the availability of narcotic substances for medical and scientific uses. Sweden advocated at length on the merits of UNIDO and inquired about U.S. intention to rejoin the organization. The U.S. advised that Washington had made no decision in this regard. End Summary.

IAEA

13. (C) Charge welcomed FM Bildt's focus on the nuclear fuel bank issue and highlighted this as a U.S. and IAEA priority, a legacy issue for DG ElBaradei. Following up on the useful debate in the June Board, the U.S. sought to support and steer Secretariat efforts and outreach to G-77 skeptics on the fuel bank proposals, and hoped to coordinate with the EU in this regard. Swedish Msnoff noted that the Chair's conclusion on this agenda item in the June Board left the issue open for revised proposals but did not lend the Secretariat a clear mandate. Lojdquist further cautioned that this was a delicate internal issue for the EU given national pride attached to various proposals from individual EU members. We noted that both the EU and the U.S. had a particular stake in the International Nuclear Fuel Bank

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(INFB) proposal, having provided most of the funding to the IAEA for its establishment.

14. (C) Acting Counselor addressed other IAEA Board issues in the context of our overarching objective of healing divisions with the NAM/G-77 and forging a "new spirit of Vienna." However, the NAM may not be as receptive as we would like, he noted, citing the possibility of Iran being elected to the troika at July NAM Summit in Egypt. Turning to immediate priorities of resolving the DG election and budget negotiations, Acting Counselor stressed our paradoxical disagreement with key EU partners on the budget increase given our shared priorities in nuclear security and safeguards. The U.S. looked forward to continued close coordination with the EU on safeguards issues in Iran and Syria, in support of the Secretariat's efforts. Looking ahead to the fall, he noted the possibility of bringing Iraq's safeguards compliance to the September Board and seeking an update at the November TACC on the Syria reactor feasibility study project, as had been agreed last year. Acting Counselor also stressed the need for close U.S.-EU coordination on Middle East issues at the IAEA General Conference (GC), and recalled Egypt's failed effort at last year's GC to co-opt the EU.

15. (C) Lojdquist acknowledged "genuine difficulty" with the EU in formulating a common position on IAEA budget and Middle East GC issues. He agreed that the budget had created "strange alliances." Swedish Msnoff assessed that it was not realistic to expect a common EU position on the budget and confided that Sweden would not be proactive due to domestic fiscal constraints. Sweden was not happy with the GC debate on the Middle East over the last few years. Swedish Ambassador Lundborg sees guiding the EU position on this issue as the main task of his Presidency, but having just met with his Egyptian counterpart, Lojdquist was pessimistic and "not sure it would be an easy one." Charge reported that Egyptian Ambassador Fawzi had welcomed the U.S. statement calling for a return to consensus on GC Middle East issues at the June Board. Charge also noted that Lebanon could play a constructive role as Vienna Arab Group Chair, having shepherded negotiations on this issue as GC President in 2007. With the uptick in U.S.-Egypt relations and in view of

the 2010 NPT Revcon, Charge hoped for a consensual approach at the General Conference. Lojdquist welcomed the U.S. desire for rapprochement but warned that the Egyptian deputy had taken a hard line, arguing that there was no substantive basis for agreement and that any consensus would be meaningless because "anything agreed by consensus would contain nothing." Lojdquist recognized that this issue would be decided at the highest political level in Cairo and highlighted attention also at the most senior levels in Stockholm.

¶6. (C) On safeguards issues, Swedish Msnoff fully expected continued US-EU agreement and coordination with respect to Iran and Syria. Sweden was "aware of" the issue of the Syrian reactor project for the November TACC but offered no substantive view. The Swedes had understood the U.S. and Iraq's preference for an agenda item on safeguards compliance at the June Board but did not have guidance. We explained that this was an issue of asserting the Board's authority to re-establish compliance pursuant to a UNSCR and as setting a possible future precedent for Iran. The Swedish EU Presidency also looked forward to working with the U.S. on nuclear security and new EU safety standards. Asked by the Swedes about the Future of the Agency (FOA) deliberations, Charge linked this to "broader, systemic issues" of Agency reform, which the U.S. would pursue with the new Director General and management team.

CTBT

¶7. (SBU) The Swedish delegation led the discussion of CTBT. The EU, Lojdquist noted, welcomed the change in US policy on the Treaty and wanted to do everything possible to encourage ratification by the US and other Annex II states. On matters of policy, the US and EU were in strong agreement. The EU was becoming increasingly frustrated, however, with the delaying tactics and negative role of some of the G-77 and would be taking a harder line in future meetings of CTBTO

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policy making organs, particularly on budgetary matters. Finally, the Swedes asked if the US could consider providing voluntary funding for a proposed continuation of the International Scientific Studies (ISS) program. The initial phase of the ISS had culminated in a conference in Vienna in early June. The Mission promised to consult with Washington agencies.

UNODC: Anti-Crime Conventions

¶8. (SBU) Sweden considers the top EU anti-crime priority during its presidency to be the adoption of a mechanism to review implementation of the UN Convention against Corruption (UNCAC). It described ongoing negotiations to develop terms of reference for the mechanism as "difficult" because EU principles on transparency, openness, use of information, and involvement of civil society are being challenged by several G-77 delegations. It expressed hope for a satisfactory solution and adoption of terms of reference at the November UNCAC Third Conference of State Parties (COSP). The U.S. highlighted the need also to provide attention to asset recovery issues for the November COSP in order to avoid the North-South (G-77) divide that evolved on those issues at the last COSP. In addition, U.S. offered to share ideas for the September UNCAC Working Group on Technical Assistance after Washington interagency discussions in July.

¶9. (SBU) Sweden described the EU position on developing a review mechanism for the UN Convention against Transnational Crime (UNTOC) as "do no harm" to UNCAC. The U.S. shared the view that discussions scheduled in September for creating a review mechanism for UNTOC implementation should not detract

from the UNCAC discussions, and expressed our hope to find synergies between the parallel processes. Sweden expressed support for the U.S. view.

UNODC's Afghanistan-Pakistan Activities

¶10. (SBU) Sweden described Afghanistan-Pakistan as one of its geographic priorities. The U.S. urged close coordination between the U.S. and EU on UNODC's programs in those two countries. The U.S. noted that UNODC is developing a "concept note" for concrete projects for a comprehensive Pakistan strategy that would focus on the security sector, including strengthening the civilian police and the criminal justice sector (Ref b). UNODC is expected to raise funds among donors for the specific projects, which is estimated to cost USD 19 million, with near-term needs USD 500,000- USD 700,000 for expanding UNODC's Islamabad office. Sweden noted that it had recently appointed a special envoy for Pakistan. Sweden is pleased that the U.S. AFPAK strategy puts high priority on development assistance as a counternarcotics measure in Afghanistan, commenting that Sweden is emphasizing such assistance for Afghanistan and for West Africa. U.S. added that the U.S. and major EU donors recently reached conclusions on ways to improve the operational effectiveness of the Paris Pact Initiative, intended to promote regional cooperation to fight Afghan drugs (Ref c).

UNODC: Finance and Governance Working Group

¶11. (SBU) The U.S. voiced concern that G-77 recently endorsed Cuba as its candidate for one of the two co-chairs of the Finance and Governance Working Group (FinGov) on UNODC and expressed U.S. support for the EU candidate (Spain) for the other co-chair (Ref d). The U.S. urged Sweden to contemplate how it could work as EU President with the U.S. to shape UNODC's future activities, in order to prevent the kind of budget-driven force majeure decisions UNODC seems to be making at present. Sweden speculated that Cuba, as a co-chair, would have to be guided by Member States, instead of advancing its own agenda. Although there is no common EU position on UNODC, Sweden (and other EU countries) support UNODC's thematic and regional approach for its programs, an approach UNODC is in the process of adopting. However, Sweden is concerned about UNODC's decision to eliminate its Independent Evaluation Unit. Sweden expressed its belief

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that a united front by member states, particularly the major donors, would be much more effective in making UNODC heed Member States' positions. Sweden stressed that the U.S. and Sweden need to work closely together to get the FinGov Working Group right from the beginning.

Counternarcotics

¶12. (SBU) The U.S. reiterated its support for the Political Declaration and Action Plan that emerged from the High-Level Segment of the March 2009 Commission on Narcotic Drugs (CND), and its desire for the smooth adoption of the two documents by the July ECOSOC meeting in Geneva, and by the UN General Assembly in the fall. The U.S. also underscored its support to improve drug data collection, a priority for the EU. In addition, the U.S. stressed the need to include on the agenda of the 2010 CND an item on the availability of narcotic drugs and psychotropic substances for medical and scientific purposes. Sweden highlighted drug trafficking through West Africa as a priority for its presidency. According to Sweden, this issue was discussed at the EU Troika meeting in Brussels on June 23, and Sweden plans to discuss the issue with Nigeria.

UNIDO

¶13. (SBU) Sweden asked if the U.S. had any plans to rejoin UNIDO. It advocated in length on the merits of UNIDO membership, noting its reform after the U.S. withdrawal, praising its operations as streamlined, and its leadership as dynamic. (Note: Mission has reported on these aspects of UNIDO, see Ref e. End Note.) Sweden likes UNIDO's current 4-pillar focus: industrial development, poverty reduction, energy and environment. The UNIDO Director General visited Stockholm last year. As a result, Sweden's development agency is forming a "strategic alliance" with UNIDO and is providing voluntary contributions for UNIDO's trade work. The EU wants to maintain UNIDO in its current state, focused on priorities. The EU may also develop a common position on an energy resolution expected for UNIDO's General Conference in December. The U.S. responded that we were aware of Sweden's points on UNIDO, and that Washington has not made any decision about re-joining the organization.
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